



STEVEN M. FULOP  
MAYOR OF JERSEY CITY

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**\*\*\* PRESS RELEASE \*\*\***

### **Mayor Fulop Calls on State Legislators to Fix Payroll Tax Loophole, Increase Accountability and Enforcement**

*Amend Legislation to Hold Businesses Responsible for their Fair Share of Taxes*

JERSEY CITY - Mayor Steven M. Fulop is *calling on the State Legislature in Trenton to amend the current Payroll Tax with a solution for more accountability* to hold businesses responsible for their fair share of owed taxes. The Fulop Administration is working with local legislators to amend the Payroll Tax legislation at the State level to close the payment accountability loophole, and to have the State collect payroll taxes directly since the information necessary for enforcement is available to Trenton and not at the local level. Most of the applicable information is regularly obtained by the State of New Jersey through quarterly reports, such as business identification data critical for enforcement, but it is not shared with the City for privacy protection reasons.

Following the State's demonstrative cuts to Jersey City's school budget, the Fulop Administration worked closely with local legislators for the Payroll Tax to help protect Jersey City's 30,000 students' education and their futures.

"The current Payroll Tax from Trenton lacks any real teeth, and so we're forced to deploy our resources on the local level to try and enforce something that is essentially unenforceable," said **Mayor Fulop**. "Without critical information from the State, the City is unable to place liens as the number of employees working at any establishment is opaque. The inability to place a lien on a business that doesn't pay means that the City can't move forward with tax lien sales, as we would with property taxes, because nobody would ever purchase a lien to which they don't know the value. This can be cleared up by the State easily and increase collections by more than 33% overall for next year, which would mean tens of millions of dollars more to our schools."

Jersey City adopted the Payroll Tax Ordinance in November 2018. Since then, nearly 3,300 businesses have registered with the City. The ordinance requires every employer to register even if they are not subject to the tax, however, the tools to hold businesses accountable are not where they should be from Trenton.

"What's the point of enabling a municipal payroll tax to fund our schools if it isn't coupled with the tools to enforce and collect?" asked **Assemblyman Raj Mukherji**. "Moving the collection function to the State is only logical so that employers are actually held accountable for their payroll tax obligations."

The Fulop Administration has made multiple efforts to promote compliance on the local level, including the creation of an internal audit team paid for by local funds. The findings from the audit have been reviewed by internal and external auditors working together as a committee and addressed through notices to the respective entities.

The audit team has increased efforts to collect taxes and penalties owed by making direct contact with businesses citywide by sending out deficiency letters, site visits, and phone calls to each individual business owner.

“If any homeowner defaulted on their taxes, they’d quickly be slapped with a lien, and the value of the lien would be clear to everyone as the City and the property know what the unpaid dollar amount is. Businesses face little to no repercussions if they evade payment on the payroll tax because the City wasn’t provided the tools to enforce the tax with transparency. It needs to be fixed and can be fixed easily by Trenton.” concluded Mayor Fulop.

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